

VZCZCXRO0088
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #0674/01 0850133
ZNR UUUUU ZZH
P 260133Z MAR 09
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 1773
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 5507
RUEHFK/AMCONSUL FUKUOKA 3167
RUEHOK/AMCONSUL OSAKA KOBE 6959
RUEHNAG/AMCONSUL NAGOYA 0905
RUEHKSO/AMCONSUL SAPPORO 3707
RUEHBJ/AMEMBASSY BEIJING 8445
RUEHUL/AMEMBASSY SEOUL 4470
RUCNDT/USMISSION USUN NEW YORK 4341

UNCLAS SECTION 01 OF 09 TOKYO 000674

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 03/26/09

Index:

North Korea problem:

- 1) North Korea's launch pad ready and missile only needs to be fueled for launching now (Sankei)
- 2) U.S. Aegis ships have been deployed near Japan in anticipation of North Korea missile launch (Yomiuri)
- 3) Defense Ministry's think tank releases strategic report on North Korea that posits a large outflow of refugees in an emergency (Asahi)
- 4) Democratic Party of Japan opposes transfer of Okinawa Marines to Guam, takes differing view of planned relocation of Futenma Air Station (Asahi)
- 5) Japanese-style PRT to be proposed as contribution to Afghan assistance (Sankei)

Political agenda:

- 6) METI Minister Nikai's office rent paid by Nishimatsu Construction Co., as investigators expand probe to LDP bigwigs (Yomiuri)
- 7) "Dump Ozawa" move starting to emerge in the Democratic Party of Japan (Tokyo Shimbun)
- 8) But 45 of DPJ's prefectural chapters want to keep Ozawa at the party helm (Tokyo Shimbun)
- 9) Rest of the Diet session will be at the ruling camp's pace, given the DPJ's internal turmoil (Asahi)
- 10) Prime Minister's aides see little chance of Diet dissolution in April or May (Tokyo Shimbun)
- 11) Prime Minister Aso counting on Yosano, with his three economic portfolios, to put efforts into the extra stimulus package (Yomiuri)

12) Yomiuri poll finds that 74 PERCENT of the public do not trust country's bureaucracy (Yomiuri)

Articles:

1) North Korea setting missile on launch pad

SANKEI (Top Play) (Excerpts)
March 26, 2009

It was learned yesterday that North Korea has started work to move an upgraded Taepodong-2 long-range ballistic missile out of a hangar and set it on a launch pad at the Musudan-ri missile site. The work is expected to almost complete on the 26th. With only fueling left to be done, preparations for launching the projectile have entered the final stage.

North Korea started preparations around late January for launching the new missile. The missile will be fueled after it is set on the pad. Some experts say that it will take five to seven days to complete fueling, but there is also the view that the work will be completed in only several hours.

A fueling facility has reportedly been established underground near the launch pad at the Musudan-ri base. If this is true, it seems difficult to grasp the state of fueling through a spy satellite.

North Korea has announced its plan to launch a "satellite" between April 4 and 8. Given that the missile is being set at this time, it is even more likely to be launched during that time as announced.

TOKYO 00000674 002 OF 009

2) U.S. Aegis ships standing ready around Japan

YOMIURI (Page 2) (Full)
March 26, 2009

The U.S. Navy is now beginning to stage destroyers, equipped with Aegis radar to detect ballistic missiles, in waters around Japan for operations linked to North Korea's moves in preparation for launching a ballistic missile in the name of an "artificial satellite." The U.S. Navy will have at least five destroyers on stage, and they are all believed to have the Standard Missile 3 (SM-3), a sea-based surface-to-air guided missile developed to intercept ballistic missiles. North Korea, according to its announcement, is planning its satellite launch for sometime between April 4 and 8. The U.S. destroyers are expected to start operations around Japan before that.

Three U.S. naval destroyers belonging to the 7th Fleet entered port in Sasebo, Nagasaki Prefecture, each arriving on March 23 or later. Two of the three destroyers left port yesterday afternoon. Another destroyer, which arrived in the port of Aomori, will also leave port this afternoon. These three destroyers are expected to enter into operations in the Sea of Japan or in Pacific waters.

Two Maritime Self-Defense Force destroyers, Kongo and Chokai, are also being anchored at the Sasebo base. They are expected to be swung to the Sea of Japan if the government makes a formal decision to ready for interception under the Self-Defense Forces Law's Article 82-2.

3) Defense Ministry's research institute in analysis of North Korea calls for refugee measures

ASAHI (Page 4) (Full)
March 26, 2009

The Defense Ministry's National Institute for Defense Studies has compiled a "general view of an East Asia strategy for fiscal 2009," which analyzes the security situation in East Asia. The report points out for the first time a possible outflow of refugees from North Korea in the aftermath of a regime change as a result of a struggle for power or other reasons. The report suggests the need for "more energy to be poured into working out measures" to deal

with such possible refugees.

On China, the report, focusing on its continued expansion of military expenditures, notes that "the nation has increased its military capacity as the source of its national power." In reference to its moves to possess aircraft carriers, the report indicates a sense of alarm, noting: "The Chinese Navy, which aims to have its vessels navigate in the open sea, will try to possess a large-sized surface naval vessels." The report sees China's relations with Japan and Taiwan as improving.

4) DPJ to oppose Guam International Agreement, citing differences in policies over Futenma relocation plan

ASAHI (Page 4) (Full)
March 26, 2009

The Democratic Party of Japan (DPJ) has decided to oppose a bill to
TOKYO 00000674 003 OF 009

ratify the Guam International Agreement, which has been submitted to the current Diet session. The bill is to confirm the contents of the roadmap for realignment of the U.S. forces in Japan, which was agreed on between the governments of Japan and the U.S. in 2006. The agreement is expected to come into effect even if it is rejected in the opposition-controlled House of Councillors as a decision in the House of Representatives takes precedence over an Upper House decision. Even so, the DPJ will express its opposition to the agreement, assuming that the party would grab political power and start negotiations with the U.S. from scratch in the future.

The accord specifies: "The Japanese government intends to complete" the relocation of U.S. Marine Corps' Futenma Air Station to off Henoko in Nago City." The DPJ has shown understanding about the Marines-transfer plan, but the party's 2008 Okinawa Vision proposes relocating the air station outside of the Okinawa Prefecture and then outside of Japan in the future. A senior party member said: "The contents of the accord are inconsistent with the party's policy."

It has been decided that Japan will bear 6 billion dollars out of the 10.2 billion dollars in total costs related to transferring Marines to Guam. Regarding the 6 billion dollars, the DPJ has claimed that there is no basis for the calculation. The party has also reacted to the fact that some of the expenses to be paid by Japan will be used for facility construction for the U.S. Navy and Air Force in Guam. The DPJ's position has not changed from what it showed when it opposed the U.S. forces realignment special measures bill in 2007.

The DPJ reaffirmed these views in an executive meeting of its foreign affairs and defense committee yesterday. Meanwhile, the party rejected a call by the ruling camp to start deliberations on these issues yesterday, claiming that the government has not fully disclosed related information.

When DPJ President Ichiro Ozawa met U.S. Secretary of State Hillary Clinton in February, he emphasized that the U.S. forces realignment plan should be reviewed, based on his stance of pursuing an equal Japan-U.S. alliance. In the executive meeting yesterday, participants agreed on the view that even if Ozawa steps down over an illegal political donation scandal, the DPJ, which has confirmed its opposition through repeated deliberations, will remain opposed to the plan.

5) Defense Ministry think-tank advocates Japanese-style PRT for assisting Afghanistan

SANKEI (Page 5) (Full)
March 26, 2009

The National Institute for Defense Studies, a think-tank of the Defense Ministry, released an annual report yesterday titled "An Outlook for the Strategic Environment in East Asia." The NIDS report stresses the needs for Japan to make positive efforts for international peace cooperation. Referring to Afghanistan, the

report says Japan should consider organizing its own provincial reconstruction team (PRT) consisting of the Self-Defense Forces and civilians for Afghan assistance. The report analyzes North Korea's moves preparing to launch a long-range ballistic missile, saying the aim of North Korea's moves is to draw the United States' attention.

TOKYO 00000674 004 OF 009

The NIDS report notes that the United Nations' peacekeeping operations have now changed from being ceasefire surveillance activities to operations including those using armed force. It shows a sense of crisis about Japan's lowering presence in the number of personnel on PKO missions overseas due to its constitutional constraints or for some other reasons, pointing out that Japan currently ranks 79th among 120 countries.

Given such facts, the report warns that disputes in a distant region could directly threaten or affect Japan, suggesting the need for Japan to be aware of this possibility as the party concerned rather than as a third party.

The report, referring to PKO with the potential use of armed force, cites Japan's dispatch of SDF personnel to Iraq in the past as an example. "It is possible for Japan from constitutional interpretation to conduct humanitarian and reconstruction assistance as well as logistical support," it says.

In addition, the report shows particular concern about public security in Afghanistan, which the U.S. Obama administration regards as the frontline in the war on terror. "It is an effective option for Japan to organize its own provincial reconstruction team using the SDF's self-contained nature and its high transport capacity combined with civilian assistance," the report says. Japan has now sent out Maritime Self-Defense Force vessels for an antipiracy mission in waters off Somalia. In this connection, the report suggests the need to consider participating in PKO activities and multinational forces there.

6) Nishimatsu provided Nikai with free use of office for his political group

YOMIURI (Top play) (Excerpts)
March 26, 2009

According to sources, Nishimatsu Construction Co., a second-tier general contractor, sent 3 million yen annually to a Liberal Democratic Party (LDP) local chapter represented by Economy, Trade and Industry Minister Toshiro Nikai to cover the rent of a condominium unit in Osaka used for the office of a Nikai-related political organization, disguising the money as individual donations to the LDP branch. The allegation is that Nishimatsu provided Nikai with free use of the office. The political fund reports by Nikai's political organization and the local LDP chapter do not reflect these flows and true origin of the money, the sources said. A special investigation squad of the Tokyo District Public Prosecutors Office apparently suspects the conduct of these entities might be in violation of the Political Funds Control Law.

According to the sources, the Nikai-related political organization, Kansai Shinpu-kai (Kansai New Breeze Association), is actually operated by Nikai's younger brother.

According to Nishimatsu-related sources, Nishimatsu was asked by Nikai's brother to provide an office around 1999. Nishimatsu ordered its related design company (based in Minato Ward, Tokyo) to buy a new condo in Osaka. After that, the design company and Kansai Shinpu-kai concluded a lease contract on the condo at an annual rent of about 2.8 million yen. Kansai Shinpu-kai had been using the office until last month.

TOKYO 00000674 005 OF 009

If Nishimatsu provided Kansai Shinpu-kai with a free office, it means that the political group accepted donations from a private

company that the Political Funds Control Law prohibits. In addition, the LDP chapter, which entered the 2 million yen in its political fund reports' individual donations section, may have violated the law, which bars donations under other people's names or the falsification of fund records.

Nikai told the Yomiuri Shimbun: "Each political organization is correctly providing political funding records in its funding report in compliance with law."

7) Moves to oust Ozawa surface in DPJ

TOKYO SHIMBUN (Page 2) (Excerpts)
March 26, 2009

Following Democratic Party of Japan (DPJ) President Ozawa's announcement of his decision to remain in his post, calls for his resignation surfaced in the party on March 25. Such views have been festering in the party after the revelation of the illegal political fund donations case involving his aide. Ozawa plans to directly seek understanding from all DPJ lawmakers on the 27th. Whether he can succeed or not will hold the key to whether he can remain in his post.

Ozawa on the 25th did not emerge from the hotel where he is staying. Remarks critical of him were heard in the party during his absence. Lower House member Yoko Komiyama, education, culture and S&T minister of the "Next Cabinet," urged Ozawa to step down at an early date, citing the negative impact on the upcoming election as a reason. She said, "In order for the DPJ to take the reigns of government, it would be better if Mr. Ozawa steps down. He needs to make a decision at the earliest possible date."

Former Secretary General Yoshito Sengoku also stressed: "The president should voluntarily make a political decision immediately. It is necessary for him to determine what should be done in order for the DPJ to win the election."

Upper House member Renho at a plenary meeting of Upper House members held the same day even criticized a response of the leadership, which approved Ozawa remaining in his post, "The people are suspicious of the DPJ. The leadership is accountable for its decision."

Those criticisms are based on the judgment that aside from the truth of the matter, since Ozawa's secretary was indicted in connection with an illegal political fund donations case, people's distrust of the DPJ over a politics-and-money scandal cannot be removed as long as Ozawa remains the leader.

Secretary General Yukio Hatoyama, who supports Ozawa, however, underscored, "The president needs to give an elaborate accounts. Since the leadership has decided to have Mr. Ozawa stay on, we all should make efforts to seek understanding from the people."

8) Forty-five prefectures support continuation of Ozawa leadership, according to survey of senior DPJ members: 16 prefectures point out impact on upcoming election

TOKYO SHIMBUN (Page 2) (Full)

TOKYO 00000674 006 OF 009

March 26, 2009

Democratic Party of Japan (DPJ) President Ichiro Ozawa announced his decision to remain in his post after his state-funded first secretary was indicted for accepting massive political funds donations made by Nishimatsu Construction Co. Kyodo News Agency on March 25 conducted a spot survey targeting senior DPJ members in 47 prefectures.

Secretaries general of 45 prefectures replied that they would support Ozawa staying on in his post. However, 16 prefectures, including Osaka, pointed out the negative impact of his decision. To a question on whether Ozawa has fulfilled his accountability, six prefectures, including Kyoto, replied that he had not.

The survey has highlighted the dismay felt by DPJ local chapters. While they continue to hope that Ozawa will display leadership going into the next Lower House election, where a change in government is at stake, they are also concerned about the negative impact on the election. Many DPJ lawmakers are opposing Ozawa staying on in his post. Chances are that the current chaotic state in the DPJ over Ozawa's future will continue.

No respondents sought Ozawa's resignation. Only Nara Prefecture and Tokushima Prefecture replied that they did not know. Among prefectures that supported Ozawa's decision, some, such as Tottori Prefecture, attached a condition that he should step down depending on future trends in voter opinion.

Concerning Ozawa's accountability, 29 prefectures replied that Ozawa has fulfilled his accountability, while 11 prefectures answered that they did not know. Fukushima Prefecture steered clear of giving a clear-cut reply, but requested that Ozawa fulfill his accountability should new facts be exposed in the aide's trial.

9) Ruling camp to control pace of debate in second half of Diet;
Fiscal 2009 budget to clear Diet tomorrow

ASAHI (Page 4) (Excerpts)
March 26, 2009

In the wake of the illegal donation scandal involving Nishimatsu Construction Co., defense has now changed to offense in the maneuvering between the ruling and opposition camps in Diet debate. Since the main opposition Democratic Party of Japan (DPJ) has yet to come up with a strategy, the ruling coalition is now controlling the pace of deliberations in the ongoing Diet session. The ruling and opposition parties are actively working on the modification of bills. Once the fiscal 2009 budget and related bills clear the Diet tomorrow, the focus will be on bills related to the establishment of the Consumer Agency, as well as the anti-piracy legislation.

The Upper House Diet affairs committee chairmen of the ruling Liberal Democratic Party (LDP) and DPJ agreed yesterday to put the fiscal 2009 budget and related bills to a vote on the 27th in a plenary session of the House of Councillors. If the Upper House votes them down, the budget will be enacted, since the approval of the Representatives constitutes the Diet approval regarding budgets. The related bills will be enacted after they are readopted by the Lower House. Asked about the possibility of the opposition resisting in the joint deliberation council of the two Diet chambers, DPJ Upper House Diet Affairs Committee Chairman Susumu Yanase said in a

TOKYO 00000674 007 OF 009

press conference yesterday: "I think there would be no need to deliberate on them in the joint deliberation council, since deliberations were carried out in the Budget Committee."

About two months ago, the DPJ strongly rejected the idea of quickly taking a vote on the second supplementary budget for the fiscal 2008 budget. The ruling and opposition camp engaged in the fierce battle for two days in the joint council of the two Diet houses. One of the LDP executives said: "There was a possibility that the related bills would clear the Diet in late April or early May. I did not expect that the budget and related bills would be enacted together."

10) Prime Minister's Office reluctant to dissolve Lower House in April or May

TOKYO SHIMBUN (Page 2) (Excerpts)
March 26, 2009

After Democratic Party of Japan (DPJ) President announced his intention to remain in his post, some members in the ruling Liberal Democratic Party (LDP) are calling for an early dissolution of the House of Representatives. The Prime Minister's Official Residence (Kantei) side, however, remains reluctant about the idea. The Kantei side's position is that the LDP should make a frontal attack against the DPJ by steadily implementing policies, centering on economic stimulus measures and that if the LDP takes advantage of the DPJ's

error, it would be adversely affected.

On the evening of March 24, Prime Minister Taro Aso dined with LDP Election Strategy Council Deputy Chairman Yoshihide Suga and others in a Tokyo hotel. One participant asked Aso: "Is it true that Mr. Suga calls for an early dissolution?" Aso replied: "Why don't you ask Suga?"

However, Aso has no intention to dissolve the Lower House in April or May. On March 15, he revealed his intention to put off Lower House dissolution to sometime after a supplementary budget for the fiscal 2009 budget clears the Diet. The extra budget will likely be submitted to the Diet after the consecutive holidays in May at the earliest. There is a growing view that since Aso is eyeing dissolving the Lower House after the Group of Eight summit (Maddalena Summit) in early July, when the extra budget will surely clear the Diet, since he has been eager to attend the G-8 summit.

A person close to Aso criticized calls for dissolving the Lower House in April, saying:

"I don't understand why an April dissolution has been raised. The prime minister has steadily carried out policy measures. There remain many key bills, including the anti-piracy bill. So, he can't dissolve the Lower House."

11) Yosano to continue serving in three posts concurrently for time being: Prime Minister decides with eye on additional economic stimulus measures

NIKKEI (Page 2) (Excerpts)
March 24, 2009

Prime Minister Taro Aso on March 25 firmed up his intention to have Kaoru Yosano continue to serve as finance minister, state minister for financial services and state minister for economic and fiscal

TOKYO 00000674 008 OF 009

policy after the enactment of the fiscal 2009 budget bill and related bills as well. He has determined that Yosano would be suitable for looking into additional economic stimulus measures. There are still calls from within the ruling parties for shuffling the cabinet or dissolving the Lower House for a general election. Aso, however, will try to nail down the impact of investigations into massive political funds donations made by Nishimatsu Construction Co. However, there is no guarantee that a boost to the prime minister will continue. He will likely have to walk a tightrope in his decision making.

The fiscal 2009 budget bill and bills related to amendments to the tax system will likely secure Diet approval on the 27th. Following this, the prime minister will meet with Yosano and convey his intention to have him continue to serve in his three posts. The prime minister will then order Yosano to formally compile additional stimulus measures, which the ruling parties are already looking into. Aso will hold a press conference after a meeting between the government and the ruling parties and explain the future policy of the government.

Aso to make it clear that he will not shuffle cabinet

It has been viewed that since Yosano had a period of ill health, it would be difficult for him to serve in the three posts for a long period of time. The prime minister had intended to relieve him of concurrent offices after passage of the budget bill. However, he has now decided that it would be desirable if Yosano remains in his present posts, since there are also no signs of Yosano developing any unhealthy symptoms and in the sense of speeding up preparations for an additional stimulus package.

Calls for shuffling the cabinet as a measure to find a breakthrough in sluggish public support ratings are lingering in the government and the ruling parties. Having Yosano continue to serve in the three posts is also intended to make it clear that he will not shuffle the cabinet for that purpose. Aso will not completely seal such a possibility in readiness for a possible spillover of the political

donation scandal to affect Liberal Democratic Party lawmakers. In that case, too, the likelihood is strong that Yosano, who has been taking the initiative in preparing economic stimulus measures, will continue to serve in the three posts.

12) Poll: 74 PERCENT don't trust bureaucrats

YOMIURI (Page 2) (Abridged)
March 26, 2009

In a recent nationwide face-to-face public opinion survey conducted by the Yomiuri Shimbun across the nation on March 14-15, respondents were asked if they trusted central government bureaucrats. In response to this question, 22 PERCENT answered "yes," with 74 PERCENT saying "no." Respondents were also asked if they thought the government should recruit excellent human resources as its bureaucrats. To this question, 81 PERCENT answered "yes." The public is strongly distrustful of the bureaucracy now. However, it looks like the public strongly wants the bureaucracy to function in carrying out state administration.

There was no change in the proportions of "yes" and "no" from the last survey taken in May 2002. The public's distrust of bureaucrats did not change for the better in the survey this time.

TOKYO 00000674 009 OF 009

The survey was conducted with a total of 3,000 persons chosen from among the nation's voting population. Answers were obtained from 1,755 persons (58.5 PERCENT).

ZUMWALT